

## Message Text

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PAGE 01 BONN 09830 101728Z

ACTION EUR-12

INFO OCT-01 ISO-00 SP-02 USIA-06 AID-05 EB-07 NSC-05  
EPG-02 TRSE-00 SS-15 STR-04 OMB-01 CEA-01 CIAE-00  
DODE-00 PM-04 H-01 INR-07 L-03 NSAE-00 PA-01  
PRS-01 COME-00 IO-13 ACDA-07 EURE-00 /098 W  
-----101811Z 022128 /41

P R 101717Z JUN 77

FM AMEMBASSY BONN

TO SECSTATE WASHDC PRIORITY 8961

INFO AMEMBASSY BERLIN

AMEMBASSY LONDON

AMEMBASSY MOSCOW

AMEMBASSY PARIS

AMEMBASSY ROME

USMISSION USBERLIN

USMISSION NATO

AMCONSUL BREMEN

AMCONSUL DUSSELDORF

AMCONSUL FRANKFURT

AMCONSUL HAMBURG

AMCONSUL MUNICH

AMCONSUL STUTTGART

C O N F I D E N T I A L BONN 09830

E.O. 11652: GDS

TAGS: PINT, PINR, GW

SUBJECT: DISSENSION OVER TAX PACKAGE SHAKES GOVERNMENT  
COALITION

BEGIN SUMMARY: WHAT BEGAN AS A TEMPEST IN A TEA POT HAS  
BOILED OVER INTO A SIGNIFICANT PROBLEM IN SPD/FDP  
RELATIONS. THE PRESS, BASED ON INFLAMMATORY STATEMENTS  
BY POLITICIANS ON BOTH SIDES, IS CALLING THE THREAT BY  
SOME LEFT-WING SPD BUNDESTAG DEPUTIES TO BREAK RANKS A  
COALITION CRISIS. THE DEPUTIES IN QUESTION ARE ANGRY  
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ABOUT A PROVISION IN THE GOVERNMENT'S TAX BILL WHICH  
WOULD GIVE RELIEF ON PROPERTY TAXES IN EXCHANGE FOR AN  
INCREASE IN THE ADDED VALUE TAX. THEY ALSO SEE IT AS AN  
OPPORTUNITY TO VENT THEIR FRUSTRATIONS ON THEIR OWN  
LEADERS -- SCHMIDT AND APEL.

SPD FRAKTION CHAIRMAN WEHNER HAS WARNED THE

DISSENTERS THAT FAILURE OF THE BUNDESTAG TO PASS THE TAX PACKAGE ON JUNE 16 COULD ENDANGER THE COALITION. AT THIS POINT, IT IS LIKELY THAT WEHNER, SCHMIDT AND BRANDT WILL BE ABLE TO WHIP THE DISSENTERS INTO LINE, AT LEAST ENOUGH TO ENSURE PASSAGE IN THE BUNDESTAG. HOWEVER, THIS LATEST INCIDENT IS FURTHER PROOF OF HOW BAD RELATIONS ARE BETWEEN THE COALITION PARTIES AND HOW FRAGILE THE ALLIANCE BETWEEN THE SPD AND FDP HAS BECOME. END SUMMARY.

1. THE PUBLICATION IN THE EXTREME LEFT-WING MAGAZINE "KONKRET" OF A STATEMENT BY MUNICH SPD DEPUTY SCHOEFBERGER SEEKING TO JUSTIFY HIS INTENTION TO VOTE AGAINST THE COALITION TAX BILL CAUSED WEHNER TO WRITE AN ACID LETTER TO SCHOEFBERGER WHICH TOOK ISSUE WITH THE PROVOCATIVE LANGUAGE OF THE ARTICLE AS WELL AS THE FACT THAT THE DEPUTY WAS EXPLAINING HIS VOTE IN THE MEDIA INSTEAD OF DISCUSSING IT WITH THE PARTY LEADERSHIP IN THE BUNDESTAG.

2. FDP ECONOMIC SPOKESMAN LAMBSBORFF, WHO WAS PERSONALLY ATTACKED IN THE SCHOEFBERGER ARTICLE, ADDED FUEL TO THE FIRE IN AN INTERVIEW WITH THE SPRINGER DAILY "BILD ZEITUNG" IN WHICH HE WARNED THAT SHOULD THE BILL FAIL TO PASS IN THE BUNDESTAG BECAUSE OF DISSENSION IN THE SPD, THE SURVIVAL OF THE COALITION WOULD BE THREATENED.

3. THOSE DEPUTIES IN THE SPD WHO ARE UNHAPPY WITH THE  
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TAX PACKAGE OBJECT TO WHAT THEY CLAIM IS A TAX BREAK FOR THE RICH. THEY FEEL THE FDP IN GENERAL, AND LAMBSBORFF IN PARTICULAR, WERE RESPONSIBLE FOR THE PROVISION IN THE TAX PACKAGE. EVEN IF THE GOVERNMENT TAX BILL IS APPROVED BY THE BUNDESTAG ON JUNE 16, IT FACES ROUGH SLEDDING IN THE BUNDESRAT UNLESS A NEW COMPROMISE IS ARRANGED OVER THE DISTRIBUTION OF THE REVENUE BETWEEN THE LAENDER AND THE FEDERAL GOVERNMENT.

4. THIS LATEST INCIDENT IS INDICATIVE OF THE MOOD OF THE COALITION TODAY. THERE IS GREAT MISTRUST BETWEEN THE COALITION PARTNERS AND CONSIDERABLE DIFFICULTY IN MAINTAINING DISCIPLINE IN THE VARIOUS "FRAKTIONEN." WHILE IT IS UNLIKELY THAT THIS PARTICULAR DISAGREEMENT WILL BRING DOWN THE GOVERNMENT, THE DANGER IS ALWAYS PRESENT THAT SUCH AN INCIDENT WILL GET OUT OF HAND AND CAUSE AN IRREPARABLE BREACH IN THE SOCIAL-LIBERAL COALITION. THE POSSIBILITY ALSO EXISTS THAT SHOULD THE TIME COME WHEN THE FDP IS PREPARED TO SWITCH COALITION

PARTNERS, IT WILL USE SUCH AN INCIDENT AS AN EXCUSE TO  
DO SO.  
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## Message Attributes

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**Review Markings:**  
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